

86TH CONGRESS }
1st Session }

HOUSE OF REPRESENTATIVES

REPORT
No. 695

MUTUAL SECURITY ACT OF 1959

JULY 21, 1959.—Ordered to be printed

Mr. MORGAN, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 7500]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Mutual Security Act of 1959"*.

STATEMENT OF POLICY

SEC. 2. Section 2 of the Mutual Security Act of 1954, as amended, which is a statement of policy, is amended to read as follows:

"SEC. 2. STATEMENT OF POLICY.—(a) It is the sense of the Congress that peace in the world increasingly depends on wider recognition, both in principle and practice, of the dignity and interdependence of men; and that the survival of free institutions in the United States can best be assured in a world wide atmosphere of expanded freedom.

"(b) Through programs of assistance authorized by this Act and its predecessors, the United States has helped thwart Communist intimidation in many countries of the world, has helped Europe recover from the wounds of World War II, has supported defensive military preparations of nations alerted by Communist aggression, and has soundly begun to help peoples of economically underdeveloped areas to develop their resources and improve their living standards.

"(c) Programs authorized by this Act continue to serve the following principal purposes:

"(1) The Congress recognizes the basic identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, and to produce more goods and services, and to improve ways of living by methods which reflect the popular will, and to realize aspirations for justice, for education, and for dignity and respect as individual human beings, and to establish responsible governments which will cooperate with other like-minded governments. The Congress declares it to be a primary objective and need of the United States, and one consistent with its tradition and ideals, to share these strivings by providing assistance, with due regard for our other obligations, to peoples willing to work energetically toward these ends.

"(2) The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the nations it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination. The Congress declares it to be the policy of the United States to continue so long as such danger to the peace of the world and to the security of the United States persists, to make available to other free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

"(d) It is the sense of the Congress that inasmuch as—

"(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe; and

"(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

"(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world;

those nations which have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

"(e) It is the sense of the Congress that assistance provided under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence. To this end, assistance shall be rendered where appropriate and feasible in such a way as to promote the emergence of political units which are economically viable, either alone or in cooperation with neighboring units."

CHAPTER I—MILITARY ASSISTANCE

MILITARY ASSISTANCE

SEC. 101. Chapter I of the Mutual Security Act of 1954, as amended, which relates to military assistance, is amended as follows:

(a) Amend section 103(a), which relates to authorization, to read as follows:

“(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1960 to carry out the purposes of this chapter not to exceed \$1,400,000,000, which shall remain available until expended. Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense. There is hereby authorized to be appropriated to the President for the fiscal years 1961 and 1962 such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended.”

(b) Amend section 105(b), which relates to conditions applicable to military assistance, as follows:

(1) Amend paragraph (4) to read as follows:

“(4) Military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs to American Republics. The aggregate amount of funds which may be obligated or reserved during the fiscal year 1960 for furnishing military assistance to American Republics shall not exceed the aggregate amount of funds obligated or reserved for such purpose during the fiscal year 1959.”

(2) Add the following new paragraph:

“(5) To the extent feasible and consistent with the other purposes of this chapter, administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development.”

CHAPTER II—ECONOMIC ASSISTANCE

DEFENSE SUPPORT

SEC. 201. Section 131(b) of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out “1959” and “\$810,000,000” and substituting “1960” and “\$751,000,000”, respectively.

UTILIZATION OF COUNTERPART FUNDS

SEC. 202. Clause (iii) of section 142(b) of the Mutual Security Act of 1954, as amended, which relates to utilization of funds in Special Accounts, is amended by inserting immediately before the period at the end thereof the following: “: Provided further, That whenever funds from

such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States''.

DEVELOPMENT LOAN FUND

SEC. 203. Title II of chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 202(b), which relates to general authority, as follows:

(1) Insert the following sentence immediately after the second sentence: "The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people, demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives."

(2) In the next to last sentence, immediately before the period at the end thereof, insert the following: "nor shall the fractional reserve maintained by the Development Loan Fund for any guaranty made pursuant to this section be less in any case than 50 per centum of the contractual liability of the Development Loan Fund under such guaranty, and the total contractual liability of the Development Loan Fund under all of such guaranties shall not, at any one time, exceed \$100,000,000".

(b) Amend section 203, which relates to capitalization, to read as follows:

"SEC. 203. CAPITALIZATION.—There is hereby authorized to be appropriated to the President at any time after enactment of the Mutual Security Act of 1959 without fiscal year limitation for advances to the Fund after June 30, 1959, not to exceed \$1,800,000,000 of which not to exceed \$700,000,000 may be advanced prior to July 1, 1960, and not to exceed an additional \$1,100,000,000 may be advanced prior to July 1, 1961."

(c) In section 204(b), which relates to fiscal provisions, strike out "(a)" in the second sentence.

(d) Amend section 205, which relates to management, powers, and authorities, as follows:

(1) In subsection (b), strike out "three" in the second sentence and substitute "four".

(2) In subsection (c), strike out the last sentence.

TECHNICAL COOPERATION

SEC. 204. Title III of chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "\$150,000,000" and "1959" and substitute "\$179,500,000" and "1960", respectively.

(b) Amend section 306, which relates to multilateral technical cooperation and related programs, as follows:

(1) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance and related fund,

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strike out "\$20,000,000" and "1959" and substitute "\$30,000,000" and "1960", respectively, and immediately after "for such purpose" the last time it appears insert "(including assessed and audited local costs)".

(2) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1959" and substitute "1960".

(c) In section 308, which relates to the International Development Advisory Board, insert "or officers" after "officer" in the first sentence and strike out "to administer this title" in that sentence.

SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 205. Title IV of chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is amended as follows:

(a) Amend section 400, which relates to special assistance, as follows:

(1) In subsection (a), which relates to authorization, strike out "1959" and "\$202,500,000" and substitute "1960" and "\$247,500,000", respectively.

(2) In subsection (c), which relates to assistance to American-sponsored schools and libraries abroad, strike out "\$10,000,000" and substitute "\$20,000,000", and in the last sentence of such subsection strike out "for the purposes of this subsection" and insert in lieu thereof the following: "and notwithstanding the provisions of Public Law 213, Eighty-second Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act, for the purposes of this subsection and for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States".

(b) Insert after section 400 the following new section:

"SEC. 401. UNITED NATIONS EMERGENCY FORCE.—The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1960 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force."

(c) In section 402, which relates to earmarking of funds, strike out "1959" in the first sentence and substitute "1960"; in the same sentence, after the words "foreign currencies" insert the words "or the grant", and at the end of the section, add the following new sentences: "Surplus food commodities or products thereof made available for transfer under this Act (or any other Act) as a grant or as a sale for foreign currencies may also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c). Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended by inserting 'whether in private stocks or' after 'commodities' the first time that word appears."

(d) In section 403, which relates to responsibilities in Germany, strike out "1959" and "\$8,200,000" in the first sentence and substitute "1960" and "\$7,500,000", respectively.

(e) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (c), strike out "1959" and "\$1,200,000" and substitute "1960" and "\$1,100,000", respectively.

(2) In subsection (d), strike out "1959" and "\$8,600,000" and substitute "1960" and "\$5,200,000", respectively.

(f) In section 406, which relates to children's welfare, strike out "\$11,000,000" and "1959" and substitute "\$12,000,000" and "1960", respectively.

(g) In section 407, which relates to Palestine refugees in the Near East, strike out "1959" in the first sentence and substitute "1960", and in the proviso in the first sentence, strike out "15 per centum" and substitute "10 per centum".

(h) In section 408(c), which relates to the North Atlantic Treaty Organization, strike out "four" and substitute "five".

(i) In section 409(c), which relates to ocean freight charges, strike out "1959" and "\$2,100,000" and substitute "1960" and "\$2,300,000", respectively.

(j) Section 410, which relates to Control Act expenses, is repealed.

(k) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out "1959" and "\$33,000,000" and substitute "1960" and "\$39,500,000", respectively.

(2) In subsection (c), strike out "not to exceed \$7,000,000 in any fiscal year,"; and insert before the period "and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): Provided, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct".

(l) After section 411, insert a new section as follows:

"SEC. 412. PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUND.—Of the funds appropriated pursuant to this Act for use beginning in each of the fiscal years 1960 through 1964, \$10,000,000 for each such year shall be available only as follows:

"(a) \$5,000,000 shall be available until expended only for financing studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands. Such financing may include payment for transportation, tuition, maintenance and other expenses incident to scholastic activities. The President may employ such funds to augment programs of this character authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended, and by the United States Information and Educational Exchange Act of 1948, as amended, and he may consolidate such portions of such \$5,000,000 as he may deem appropriate with appropriations made to carry out these two Acts.

"(b) \$5,000,000 shall be available until expended only for the training of people of underdeveloped countries in skills which will contribute to economic development. Such training shall be carried out in accordance with the policies set forth in title III of chapter II, relating to technical cooperation, and such \$5,000,000 may be consolidated with appropriations made for carrying out title III of chapter II."

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(m) Amend section 413, which relates to encouragement of free enterprise and private participation, as follows:

(1) In subparagraph (b)(4)(A), strike out "any of the purposes of this Act" and substitute "the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act".

(2) In subparagraph (b)(4)(F), strike out "\$500,000,000" and substitute "\$1,000,000,000".

(3) In subparagraph (b)(4)(G), strike out "achieving any of the purposes of this Act" and substitute "furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act".

(4) In subsection (c), delete the words "a study" following the words "shall conduct" and insert in lieu thereof "annual studies to keep the data up to date"; insert immediately before the period at the end of the first sentence the following: ", and to the net position of the United States in its balance of trade with the rest of the world"; and in the final sentence delete the word "study" following "such" and insert in lieu thereof "studies".

(5) Add the following new subsection:

"(d) Under the direction of the President, the Department of State and such other agencies of the Government as the President shall deem appropriate shall conduct a study of methods by which the United States and other nations including those which are parties to regional agreements for economic cooperation to which the United States is a party, or any of them, might best together formulate and effectuate programs of assistance to strengthen the economies of free nations so as to advance the principal purposes of this Act, as stated in section 2 thereof."

(n) In section 419(a), which relates to atoms for peace, strike out "1959" and "\$5,500,000" in the second sentence and substitute "1960" and "\$6,500,000", respectively.

CHAPTER III—CONTINGENCY FUND

SEC. 301. Section 451(b) of the Mutual Security Act of 1954, as amended, which relates to the President's special authority and contingency fund, is amended by striking out "1959" in the first sentence and substituting "1960".

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 401. Chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is amended as follows:

(a) In section 503, which relates to termination of assistance, insert "(a)" immediately after "TERMINATION OF ASSISTANCE.—", and add at the end thereof the following:

"(b) In any case in which the President determines that a nation has hereafter nationalized or expropriated the property of any person as defined in section 413(b) and has failed within six months of such nationalization or expropriation to take steps determined by the President to be

appropriate to discharge its obligations under international law toward such person, the President shall, unless he determines it to be inconsistent with the national interest, suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken.

"(c) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance whereby, wherever practicable, such grant assistance shall be progressively reduced and terminated."

(b) In section 504, which relates to small businesses, add the following new subsection:

"(d) Of the funds appropriated pursuant to section 451(b) of this Act, the President is authorized to utilize not to exceed \$2,500,000 for the fiscal year 1960 to make available to foreign small business concerns in underdeveloped countries, or to foreign government organizations established for the purpose of helping such concerns in underdeveloped countries, on such terms and conditions as he may determine, machine tools, industrial equipment and other equipment owned by agencies of the United States Government."

(c) In section 505(b), which relates to loan assistance and sales, strike out the third sentence and substitute the following: "United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited in miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan which are in excess of the requirements as determined from time to time by the Secretary of State for purposes authorized in section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 App. U.S.C. 1641(b)), may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to and be available for the authorized purposes of the Development Loan Fund in such amounts as may be specified from time to time in appropriation Acts."

(d) In section 510, which relates to purchase of commodities, delete the comma following the words "industrial mobilization base" in the third sentence and insert the following: "or to the net position of the United States in its balance of trade with the rest of the world,".

(e) In section 517, which relates to completion of plans and cost estimates, delete the words "title I or" in the first sentence, and insert "title I, II, or", and add at the end of such section the following: "To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to this section, except any agreement for assistance authorized under title II of chapter II, shall be made on a competitive basis."

(f) Amend section 523, which relates to coordination with foreign policy, as follows:

(1) In subsection (b), add the following new sentence: "The chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires."

(2) Amend subsection (c) to read as follows:

"(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby."

(g) In section 527(b), which relates to employment of personnel, strike out "sixty" and "thirty-five" in the first sentence and substitute "seventy" and "forty-five", respectively, and add the following new sentence at the end of such section: "One of the offices established by section 1(d) of Reorganization Plan Numbered 7 of 1953 may notwithstanding the provisions of any other law be compensated at a rate not in excess of \$20,000 per annum."

(h) Insert immediately after section 533 the following new section:

"SEC. 533A. INSPECTOR GENERAL AND COMPTROLLER.—(a) There is hereby established in the Department of State an office to be known as the "Office of the Inspector General and Comptroller", which shall be headed by an officer designated as the "Inspector General and Comptroller", whose salary shall be fixed at the annual rate of \$19,000, and who shall be appointed by the Secretary of State and be responsible to an Under Secretary of State designated for such purpose by the Secretary of State. In addition, there shall be a Deputy Inspector General and Comptroller, whose salary shall not exceed the maximum rate provided under the General Schedule of the Classification Act of 1949, as amended, and such other personnel as may be required to carry out the functions vested in the Inspector General and Comptroller by or pursuant to this section.

"(b) There are hereby transferred to the Inspector General and Comptroller all functions, powers, and duties of the Office of Evaluation of the International Cooperation Administration, and so much of the functions, powers, and duties of the Office of Personnel Security and Integrity as relate to investigations of improper activities in connection with programs under the International Cooperation Administration.

"(c) The Inspector General and Comptroller shall have the following duties, in addition to those duties transferred to him under subsection (b) of this section:

"(1) Establishing or reviewing and approving a system of financial controls over programs of assistance authorized by this Act to insure compliance with applicable laws and regulations;

"(2) Advising and consulting with the Secretary of Defense or his delegate with respect to the controls, standards, and procedures established or approved under this section insofar as such controls, standards, and procedures relate to assistance furnished under chapter I of this Act;

"(3) Establishing or reviewing and approving policies and standards providing for extensive internal audits of programs of assistance authorized by this Act;

"(4) Reviewing and approving internal audit programs under this section, and coordinating such programs with the appropriate officials of other Government departments in order to insure maximum audit coverage and to avoid duplication of effort;

"(5) Reviewing audit findings and recommendations of operating agencies and the action taken thereon, and making recommendations with respect thereto to the Under Secretary of State and other appropriate officials;

"(6) Conducting or requiring the conduct of such special audits as in his judgment may be required in individual cases, and of inspections with respect to end-item use in foreign countries;

"(7) Establishing or reviewing and approving a system of financial and statistical reporting with respect to all programs of assistance authorized by this Act;

"(8) Advising the Under Secretary of State and other appropriate officials on fiscal and budgetary aspects of proposed programs of assistance authorized by this Act;

"(9) Designing the form and prescribing the financial and statistical content of the annual program presentation to the Congress;

"(10) Coordinating and cooperating with the General Accounting Office in carrying out his duties, to the extent that such duties are within areas of responsibility of the General Accounting Office; and

"(11) Carrying out such other duties as may be vested in him by the Under Secretary of State.

"(d) Expenses of the Office of the Inspector General and Comptroller with respect to programs under this Act shall be charged to the appropriations made to carry out such programs: Provided, That all documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the Office of Inspector General and Comptroller shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Office, upon request of the General Accounting Office or such committee or subcommittee as the case may be."

(i) Amend section 534, which relates to reports to the Congress, by inserting "(a)" immediately after "Reports.—" and by adding at the end thereof the following:

"(b) All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration, upon request of the General Accounting Office or such committee or subcommittee as the case may be."

(j) Amend section 537, which relates to provisions on uses of funds, as follows:

(1) In paragraph (5) of subsection (a), strike out "\$3,300" and substitute "\$3,500".

(2) In subsection (c), strike out "\$26,000,000" and substitute "\$27,750,000".

(3) Amend subsection (f) to read as follows:

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The

report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered, and the methods used, in determining the level of aid for such country; the reason for including each such factor and an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the determination of the particular level of forces to be supported by the proposed request for authorization and appropriation for military assistance, the factors considered and methods used in arriving at each country determination, and where the level of forces supported by military assistance differs from the total level of forces maintained in any such country, an explanation, in detail, of the reason for the difference in such level of forces."

(k) In section 543(d), which relates to saving provisions, strike out the words between "repealed" and "shall" in the first sentence and substitute "subsequent to the time such funds are appropriated"; insert "or subsequent Acts" after "1957" both times it appears in the second sentence; and strike out the last sentence.

(l) Section 549, which relates to special provisions on availability of funds, is repealed.

(m) After section 549 add the following new sections:

"SEC. 550. INFORMATION POLICY.—The President shall, in the reports required by section 534, or in response to requests from Members of the Congress or inquiries from the public, make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States.

"SEC. 551. LIMITATION ON THE USE OF THE PRESIDENT'S SPECIAL AUTHORITY.—The authority contained in sections 403, 451, and 501 of this Act shall not be used to augment appropriations made pursuant to sections 103(b), 408, 411(b), and 411(c) or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses."

CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

INTERNATIONAL COOPERATION IN HEALTH

SEC. 501. (a) The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

(b) *In order to carry out the purposes of subsection (a) of this section and in order to plan logically for an orderly expansion of United States support to international health activities, the President is authorized to undertake, in cooperation directly with other governments, or indirectly through utilizing the resources and services of the United Nations and the Organization of American States or any of their specialized agencies, programs and projects of research, studies, field surveys, trials, and demonstrations to determine the feasibility of future intensive programs for reduction, control, or eradication of disease problems of international importance. Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of \$2,000,000 shall be available to carry out the purposes of this section.*

COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

SEC. 502. To enable the United States to maintain membership in the Colombo Plan Council for Technical Cooperation, there is hereby authorized to be appropriated from time to time to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation.

CHAPTER VI—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

STATEMENT OF PURPOSE

SEC. 601. The purpose of this chapter is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as "the East") through cooperative study and research, by establishing in Hawaii a Center for Cultural and Technical Interchange Between East and West, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the East and the Western World may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the Mutual Security Act of 1954, and other Acts promoting the international educational, cultural, and related activities of the United States.

ESTABLISHMENT OF CENTER

SEC. 602. In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as Secretary), after consultation with appropriate public and private authorities, shall on or before January 3, 1960, prepare and submit to the Congress a plan and program for -

(1) the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West through arrangements to be made with public, educational, or other nonprofit institutions;

(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and Western World as may be necessary to attract such scholars and authorities to the Center;

- (3) grants, scholarships, and other payments to qualified candidates from the nations of the East and West as may be necessary to enable such students to engage in study at the Center; and
- (4) making the facilities of the Center available for study to other qualified persons on a reasonable basis.

AUTHORIZATION OF APPROPRIATIONS

SEC. 603. There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this chapter.

CHAPTER VII—AMENDMENTS TO OTHER LAWS AND MISCELLANEOUS PROVISIONS

AMENDMENTS TO OTHER LAWS

SEC. 701. (a) The Defense Base Act, as amended (42 U.S.C. 1651), is further amended by inserting in subsection (e) of the first section, between "the approval of this Act," and "and contracting officers" in the first sentence, the following: "and the liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in performance of contracts, subcontracts, or subordinate contracts specified in subparagraph (5), subdivision (a) of this section, and the conditions set forth therein, shall hereafter be applicable to the remaining terms of such contracts, subcontracts, and subordinate contracts entered into prior to June 30, 1958, but not completed on the date of the enactment of the Mutual Security Act of 1959,".

(b) Section 522 of the Foreign Service Act of 1946, as amended (60 Stat. 1009, 22 U.S.C. 922), is amended by striking out the word "and" at the end of subparagraph (1), by striking out the period at the end of subparagraph (2) and substituting a semicolon and the word "and", and by adding at the end thereof a new subparagraph (3) which shall read as follows:

"(3) extend the appointment or assignment of any Reserve officer, or continue the services of any such Reserve officer by reappointment without regard to the provisions of section 527 of this Act, for not more than five additional years if the Secretary deems it to be in the public interest to continue such officer in the Service, except that the assignment of any Reserve officer under paragraph (2) above may not be extended under the provisions of this paragraph without the consent of the head of the agency concerned."

(c) Section 1011(a) of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442), is amended by inserting before the period at the end thereof a colon and the following: "Provided, That the purpose of making informational media guaranties shall be the achievement of the foreign policy objectives of the United States, including the objective mentioned in sections 413(b)(4)(A) and 413(b)(4)(G) of the Mutual Security Act of 1954, as amended".

(d) Section 104(k) of Public Law 480, Eighty-third Congress (68 Stat. 454), as amended, is further amended by inserting "research" immediately after "conduct", and by substituting for the phrase "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific

appropriations be made therefor;" the following: "Provided, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts;"

EXPENSES OF ANNUAL MEETING OF NORTH ATLANTIC TREATY
PARLIAMENTARY CONFERENCE

SEC. 702. There is authorized to be appropriated the sum of \$100,000 for the purpose of defraying the expenses incident to the annual meeting of the North Atlantic Treaty Parliamentary Conference for the year 1959, to be held in Washington, District of Columbia. Funds appropriated pursuant to this authorization shall be disbursed on vouchers jointly approved by the chairmen of the Senate and House delegations to the Conference, and such approval shall be final and conclusive upon the accounting officers in the auditing of accounts incident to the annual meeting.

UNITED STATES PARTICIPATION IN WORLD REFUGEE YEAR

SEC. 703. Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of \$10,000,000 shall be available for United States participation in World Refugee Year. Such sum shall be available for allocation by the President for assistance, either directly or through intergovernmental organizations or agencies, to the various refugee groups, and shall be used primarily in furtherance of permanent solutions of the problems of such groups and in alleviating their urgent emergency needs.

And the Senate agree to the same.

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
ROBERT B. CHIPERFIELD,
WALTER H. JUDD,
Managers on the Part of the House.

J. W. FULBRIGHT,
THEODORE FRANCIS GREEN,
JOHN SPARKMAN,
HUBERT H. HUMPHREY,
MIKE MANSFIELD,
ALEXANDER WILEY,
BOURKE B. HICKENLOOPER,
GEORGE D. AIKEN,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

INTRODUCTION

The House bill authorized \$3,542,600,000 for fiscal year 1960. The Senate amendment authorized \$3,543,320,000, together with a continuing authorization for military assistance beginning in fiscal year 1961 as well as authorizing an appropriation of \$1,250,000,000 to be advanced to the Development Loan Fund during fiscal 1961. The committee of conference adjusted the individual program amounts and agreed on a total authorization of \$3,556,200,000 for fiscal 1960 as well as authorizing the appropriation of such funds as may be necessary for military assistance in fiscal years 1961 and 1962, together with an authorization of the appropriation of \$1,100,000,000 for advances to the Development Loan Fund during fiscal 1961.

Mutual security funds, fiscal year 1960

Program	House bill (1)	Senate amend- ment (2)	Conference sub- stitute (3)	Adjustment against House bill (4)	Adjustment against Senate amendment to House bill (5)
<i>Chapter</i>					
I. Military assistance, Sec. 103(a). General authorization.	\$1,440,000,000	\$1,300,000,000	\$1,400,000,000	-\$40,000,000	+\$100,000,000
II. Economic assistance:					
Title I—Defense support: Sec. 131(b)	750,000,000	751,800,000	751,000,000	+1,000,000	-500,000
Title II—Development Loan Fund: Sec. 203: Capitalization..	700,000,000	* 750,000,000	* 700,000,000		-50,000,000
Title III—Technical cooperation:					
Sec. 304: General authorization..	179,500,000	179,500,000	179,500,000		
Sec. 306: Multilateral technical cooperation and related programs:					
(a) United Nations Technical Assistance.....	30,000,000	30,000,000	30,000,000		
(b) Organization of American States.....	1,500,000	1,500,000	1,500,000		
Total, title III.....	211,000,000	211,000,000	211,000,000		
Title IV—Special assistance and other programs:					
Sec. 400(a): Special assistance.....	250,000,000	244,620,000	247,500,000	-2,500,000	+2,880,000
Sec. 405: Migrants, refugees, and escapees:					
(a) Intergovernmental Committee for European Migration.....	(4)	(4)			
(c) United Nations High Commissioner for Refugees.....	1,100,000	1,100,000	1,100,000		
(d) Escapee program.....	5,200,000	5,200,000	5,200,000		
Sec. 406: Children's welfare.....	12,000,000	12,000,000	12,000,000		
Sec. 407: Palestine refugees.....	25,000,000	25,000,000	25,000,000		
Sec. 409(c): Ocean freight charges on voluntary relief shipments.....	2,300,000	2,300,000	2,300,000		
Sec. 411: Administrative and other expenses:					
(b) Administrative and other expenses (other than ch. I and title II of ch. II).....	39,500,000	39,500,000	39,500,000		
(c) State Department administrative expenses.....	(4) (4)	(4) (4)			
Sec. 419(a): Atoms for peace.....	6,500,000	6,500,000	6,500,000		
Total title IV.....	341,600,000	336,220,000	339,100,000	-2,500,000	+2,880,000
Total ch. II.....	2,002,600,000	2,048,720,000	2,001,100,000	-1,500,000	-47,620,000
III. Contingency fund: Sec. 451(b).....	100,000,000	180,000,000	155,000,000	+55,000,000	-25,000,000

Total all chapters and sections.

¹ Conferees authorized such funds as may be necessary in fiscal years 1961 and 1962. In addition, a sum not to exceed \$1,250,000 was authorized to be advanced prior to the beginning of the fiscal year 1961.

⁴ Continuing authorization is now contained in the act. to July 1, 1961.

⁴ Continuing authorization is now contained in the act.
⁵ Control act expenses formerly authorized by sec. 410 are included in sec. 411(c).

STATEMENT OF POLICY (SEC. 2)

Both the House bill and the Senate amendment contained revisions of the statement of policy contained in the Mutual Security Act. Although differing in wording, these revisions were similar in content.

The committee of conference agreed to language which combined into a single statement the major elements of both the House and Senate provisions with the policy statement already in the act.

AUTHORIZATION FOR MILITARY ASSISTANCE (SEC. 101(a))

The House bill amended section 103(a) to authorize \$1.44 billion to be appropriated for military assistance.

The Senate amendment amended section 103(a) to (1) authorize \$1.3 billion to be appropriated for military assistance; (2) earmark \$893,750,000 for assistance to NATO countries or for activities of NATO in such countries; (3) provide that programs of military assistance subsequent to fiscal year 1960 should be budgeted so as to come into direct competition for financial support with other activities and programs of the Department of Defense; and (4) provide a continuing authorization for appropriations for military assistance after fiscal year 1960.

The committee of conference agreed to an authorization of \$1.4 billion, a reduction of \$40 million below the amount authorized by the House and an increase of \$100 million above the amount authorized by the Senate. The Senate receded from its requirement that a specified amount should be earmarked for military assistance to NATO countries.

The managers on the part of the House accepted, with an amendment omitting the word "direct", the Senate provision that subsequent to fiscal year 1960 programs of military assistance should be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense. The House conferees accepted this provision in the belief that military assistance should be subjected to rigid scrutiny by military officers responsible for our own defense. It was the understanding of the managers on the part of the House, however, that acceptance of this provision does not indicate that only military factors should be taken into consideration in budgeting for military assistance or that political factors should be ignored.

The House conferees were unwilling to accept the Senate provision for a continuing authorization for military assistance after fiscal year 1960. They agreed, however, to what is, in effect, a continuing authorization for military assistance for a period of 2 years beyond fiscal 1960 on an experimental basis. In accepting this compromise, the committee of conference emphasized that it was the intention of both the Committee on Foreign Affairs of the House and the Committee on Foreign Relations of the Senate to continue to make a careful review of all aspects of the military assistance program and to report to the House and Senate in the annual mutual security bill recommended legislation on the military assistance program. It was also the intention that each committee should receive each year a detailed report from the Department of Defense on the progress made in carrying out the military assistance program and a full explanation of the program planned for the forthcoming fiscal year,

particularly in connection with the requests of the executive branch for authorization of funds for defense support for the forthcoming fiscal year.

It was the consensus of the managers on the part of the House and the Senate that on the basis of such continuous review the Congress might at any time deem it appropriate to reestablish annual dollar authorizations for military assistance and that the entire matter would in any case be reviewed when it becomes necessary to consider the authorization for military assistance funds after fiscal 1962.

LIMITATIONS ON MILITARY ASSISTANCE (SEC. 101(b)(1))

The House bill added a new section 105(b) to the act which provided that, except where the President determined that the national interest required otherwise, and so reported to the Congress, arms or weapons could be furnished on a grant basis only if three specific criteria were satisfied. The Senate bill contained limitations on the furnishing of military assistance to Latin America. It amended section 105(b)(4) of the act so as to prohibit the furnishing of military equipment and materials to the American Republics except in furtherance of Western Hemisphere defense missions. Training was excepted from this requirement. It also permitted the furnishing of military assistance to an international military force under the control of the Organization of American States. The Senate bill also deleted the word "normally" from the requirement that internal security requirements shall not normally be the basis for military assistance programs to Latin America. It was further provided that military assistance to Latin America for fiscal year 1960 would be limited to \$65 million plus an additional \$31.5 million to be available only for assistance to an international military force under the control of the Organization of American States. Any balance of the \$31.5 million which was not furnished to an OAS military force could be transferred to special assistance to promote economic development in Latin America.

The committee of conference did not accept the House amendment. It agreed to the provision that military assistance other than training should be furnished only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States.

The amendment adopted by the committee of conference provides that internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs to American Republics. It also eliminates the word "normally" from existing law. Finally, the committee of conference adopted an amendment which limits the funds for military assistance to the American Republics for fiscal year 1960 to the current levels, that is, the amounts obligated and reserved for such purposes during fiscal year 1959.

In the opinion of the managers on the part of the House it is impractical to provide funds solely for the purpose of furnishing military assistance to a military police force under the OAS. There has been no indication that the American Republics are willing to form such a force and there are no guidelines as to how such a force would be constituted and operated. Furthermore, if such a provision had been adopted stating that any funds not spent for this purpose could be used for economic assistance, the integrity of the military assistance appropriation would have been imperiled. On the other hand, in view

of the changing relative emphasis between military and economic assistance, and in view of the decreased emphasis on military assistance in Latin America, the committee of conference was agreed that military assistance to Latin America for the coming fiscal year should not exceed last year's levels.

The elimination of the word "normally" from the sentence providing that internal security requirements shall not "normally" be the basis for military assistance programs to Latin America makes it clear that it is the intent of the committee of conference that internal security requirements shall not, in the absence of a Presidential exception, be the basis for furnishing military assistance to Latin America. Rather, it is the intent of the committee of conference that such military assistance as is furnished shall be in accordance with hemisphere defense planning and should be in furtherance of hemispheric missions.

MILITARY ASSISTANCE IN UNDERDEVELOPED COUNTRIES (SEC. 101(b)(2))

The Senate bill added a new paragraph (5) to section 105(b) of the act. The new paragraph provides that to the extent feasible the administrators of the military assistance program should encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development. The House bill contained no similar provision.

The committee of conference accepted the Senate amendment. The purpose of this amendment is to make it clear that it is the intent of the Congress, where possible, that military assistance should perform a dual function, and to the maximum extent possible, training activities of foreign military forces supported by military assistance should also support economic goals, as in the construction of roads and public works and in training. There is a unique opportunity in many of these underdeveloped countries to provide education and technical training to the members of their armed forces. In this way education and technical training can be diffused throughout the population. In many instances it is possible for the armed services to combine military activities with useful public work; for example, where there is to be training in the construction of roads, bridges, etc., it is quite possible that such construction can be utilized for economic improvement as well as in purely training activities. Furthermore, where troops are idle, it might be possible to put them to use in constructive activities. On the other hand, the managers on the part of the House are insistent that such activities not interfere with the primary role of military assistance, which is to provide for the defense of the nation to which the assistance is furnished.

DEFENSE SUPPORT (SEC. 201)

The House authorized \$750 million for defense support (sec. 131(b)) while the Senate authorized \$751,500,000. The committee of conference adopted a figure of \$751 million for defense support.

USE OF COUNTERPART FUNDS FOR EDUCATION

The House bill (sec. 202) amended section 142(b)(iii)(1) of the Mutual Security Act to authorize the use for the advancement of education of local currencies subject to joint control by the United States and countries which have received nonmilitary assistance from the United States. The Senate amendment contained no provision relating to this subject.

The managers on the part of the House receded with respect to this provision with the understanding that adequate authority for the use of counterpart funds authorized by section 142(b)(iii)(1) for diversified educational programs and assistance to schools and colleges is already in existence, and that the objectives of the House provision could be accomplished without the enactment of the provision contained in the House bill.

DEVELOPMENT LOAN FUND

U.S. balance of trade

The House bill contained a provision (sec. 203(a)(1)) that in determining whether a loan should be made, the Board of the Development Loan Fund must take into consideration "the net position of the United States in its balance of trade with the rest of the world." The Senate bill contained no such provision. The committee of conference deleted this provision since the bill now contains an amendment to section 413(c) providing that annual studies will be made of the role of private enterprise in the mutual security program, and of the impact of that program on the U.S. economy. A factor to be considered in these studies is the net position of the United States in its balance of trade with the rest of the world. Also, the House bill contained an amendment to section 510 which was retained by the committee of conference. This amendment requires that in determining whether procurement outside the United States is permissible, the President must take into consideration the net position of the United States in its balance of trade with the rest of the world.

Furthermore, it would be almost impossible to determine the impact of any particular development loan transaction on the entire U.S. balance of trade.

Guarantee authority (sec. 203(a)(2))

The House bill contained a provision (sec. 203(a)(3)) providing that the fractional reserve maintained for guarantees made by the Development Loan Fund pursuant to the authority of section 202(b) of the act should in no case be less than 50 percent of the face amount of the guarantee. The Senate bill contained no such provision. The committee of conference adopted revised language which provides that the fractional reserve maintained for any guarantee shall not be less than 50 percent of the contractual liability of the Development Loan Fund and that the amount of such contractual liabilities shall not at any time exceed \$100 million.

The utilization of fractional reserves for guarantees under the Development Loan Fund will facilitate greater participation by private enterprise in the task of developing the less developed countries. It is reasonable, however, at this time to require that a minimum reserve of at least 50 percent be maintained and that a limitation should be placed on the guarantees outstanding. The revised language adopted by the committee of conference places such a limitation on the outstanding guarantees and also provides that both the fractional reserve and the limitation on the amount of guarantees which may be outstanding should be computed on the basis of the contractual liability of the Development Loan Fund. Utilization of this guarantee technique with its limitation should encourage greater participation by private enterprise and should facilitate the achievement of the goals of the Development Loan Fund.

Capitalization (sec. 203(b))

Section 203 of the House bill authorized an appropriation of \$700 million for the Development Loan Fund without fiscal year limitation. The Senate bill contained an authorization of \$2 billion for the Development Loan Fund without fiscal year limitation. It was provided, however, that only \$750 million of this amount could be advanced prior to July 1, 1960, and the remaining \$1,250 million could be advanced after that date.

The committee of conference agreed to a compromise whereby the form of the language contained in the Senate bill is followed. Under these provisions the advances in fiscal year 1960 are limited to \$700 million and the remaining sum for advances is limited to \$1,100 million.

This means that the total authorization for the Development Loan Fund is \$1,800 million, a reduction of \$200 million from the Senate authorization.

The Development Loan Fund was conceived as a long term lending operation. In order to achieve its goals, and in order to operate at maximum efficiency, the Managers of the Fund should know the resources which will be available to them in the future. The managers on the part of the House are of the opinion that the amounts authorized are necessary for the efficient operation of the Development Loan Fund.

Increase of positions (sec. 203(d)(1))

The Senate bill (sec. 202(b)(1)) contained a provision authorizing an increase from three to four in the number of DLF statutory positions below the Managing Director and his Deputy with compensation not in excess of \$18,000 per year. The House bill contained no such provision. The managers on the part of the House accepted the Senate amendment. The position requested is that of the principal assistant to the Deputy Managing Director for Finance and Development. If the Development Loan Fund is to operate at maximum efficiency it is essential that it have a sufficient number of the higher salaried positions to attract and keep competent personnel. In the opinion of the managers on the part of the House, sufficient evidence was presented to justify their acceptance of the authorization of this additional position.

Administration of loans (sec. 203(d)(2))

The Senate bill (sec. 203(b)(2)) contained a provision striking the final sentence from section 205(c) of the act. That sentence provides that the Export-Import Bank shall administer loans made from the Development Loan Fund as provided in section 505(b) of the act. The House bill contained no such provision. The managers on the part of the House accepted the Senate amendment.

The language which is deleted from the act was inserted so as to provide that the Export-Import Bank should handle the responsibility for the administration of loans made by the Development Loan Fund. Actual practice, however, revealed that the Export-Import Bank was not fully equipped to handle this type of transaction and that it was more desirable to have the International Cooperation Administration perform many of the administrative services in connection with Development Loan Fund loans. Accordingly, this sentence is stricken from the act. Even with the sentence deleted, however, there is still ample authority for the Export-Import Bank to provide services in the administration of these loans.

UNITED NATIONS TECHNICAL ASSISTANCE PROGRAM (SEC. 204(b)(1))

The House bill amended section 306(a) to authorize \$30 million to be appropriated for contributions to the United Nations Technical Assistance (UNTA) Program and the Special Fund at 40 percent of the annual goal of approximately \$100 million. The Senate amendment authorized an identical appropriation but provided that the contributions for calendar year 1960 and thereafter may not exceed 39 percent and permitted the computation of assessed and audited local costs. The committee of conference adopted the House language with an amendment.

The committee agreed to retain the 40 percent limitation and added the language "(including assessed and audited local costs)". Since the recently established Special Fund has not yet developed procedures for assessing local costs, the immediate effect of the amendment will not be an increase in the base for calculating U.S. contributions to it. The amendment does not, however, represent an abandonment of our long-range objective to effect a progressive reduction in our contributions to international organizations. It is understood that assessed and audited local costs refer to local costs assessed upon benefiting countries which are paid to, and audited by, a central account.

INTERNATIONAL DEVELOPMENT ADVISORY BOARD (SEC. 204(c))

The committee of conference accepted the Senate language permitting the continuation of the International Development Advisory Board. The Board was reconstituted and its functions enlarged in accordance with the recommendations of the conference report on the Mutual Security Act of 1958. The Chairman and the 12 members of the Board are widely representative of the major segments of the American economy and society. The Board is now directly responsible to the Under Secretary of State, who acts as coordinator of the mutual security program. It is presently working on several subjects,

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including evaluation of technical cooperation and of U.S. activities in the field of international health conducted under the mutual security program and a study of the problems and potentials of foreign currency acquired in carrying out U.S. economic programs abroad.

The committee of conference believes that the high caliber of the Board's membership assures a careful appraisal by competent individuals of those important aspects of the mutual security program. The committee of conference also accepted the Senate amendment to section 308 of the Mutual Security Act to permit officers other than the Director of ICA to be consulted and advised by the Board.

SPECIAL ASSISTANCE AND OTHER PROGRAMS (SEC. 205(a)(1))

The House bill authorized an appropriation of \$250 million.

The Senate amendment authorized an appropriation of \$244,620,000.

The committee of conference agreed upon an authorization of \$247,500,000.

ASSISTANCE TO AMERICAN-SPONSORED SCHOOLS AND HOSPITALS
(SEC. 205(a)(2))

The Senate amendment included an amendment to section 400(c) to increase from \$10 million to \$20 million the cumulative ceiling on the amount of special assistance funds which may be used to assist American-sponsored schools and libraries abroad. The Senate amendment contained no provision relating to American-sponsored hospitals abroad. The House bill, on the other hand, contained no provision concerning American-sponsored schools abroad but did carry an amendment to section 400(c) authorizing the use of special assistance funds for American-sponsored hospitals abroad as well as the use of foreign currencies accruing to the United States under the Mutual Security Act or any other act for the purposes of section 400(c), notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951.

The managers on the part of the House receded on the first provision and accepted the Senate language increasing the cumulative ceiling for assistance to American-sponsored schools and libraries abroad. The Senate receded on the second provision and agreed to new language. The amended language makes clear that the Mutual Defense Assistance Control Act of 1951 may be waived only in the case of assistance to schools, libraries, and hospitals in the form of foreign currencies accruing to the United States. The provisions of the Battle Act are not waived with respect to dollars authorized to be used pursuant to the first sentence of this subsection. The amended language is intended to constitute authorization for an appropriation to carry out the purposes of this subsection.

LAND RESETTLEMENT PROGRAMS IN LATIN AMERICA

The House bill (sec. 205(a)(3)) added a new section 400(d) to authorize the use in amounts specified in appropriation acts of foreign currencies, other than those of the Development Loan Fund, accruing to the United States in Latin America under the Mutual Security Act or any other act for the purpose of making loans for land-resettlement programs in Latin America.

The Senate amendment contained no provision on this subject.

The House receded on this amendment.

The committee of conference recognized the desirability of assisting land resettlement programs in Latin America, not only to relieve population pressures in certain parts of the world but also to advance the economic development of a number of areas in Latin America.

The conferees were informed that the provision in the House bill could be construed to restrict already existing authority to use foreign currencies for purposes of land resettlement under section 402 of the Mutual Security Act and section 104(g) of Public Law 480, 83d Congress. The House conferees, therefore, agreed that the objective to be attained under the authority contained in the House bill could be more effectively achieved if no alteration were made in existing law.

The managers on the part of the House believe that the Executive has not given sufficient consideration in the past to land resettlement programs in Latin America and recommend that greater effort be made in the future.

USE OF SURPLUS FOOD COMMODITIES (SEC. 205(c))

The House bill amended section 402 to earmark \$175 million of fiscal year 1960 mutual security funds to finance the export and sale of U.S. surplus agricultural commodities for foreign currencies.

The Senate amendment amended section 402 to read the same as the House bill, but also amended the first sentence of section 402 to include grants as well as sales and added two new sentences at the end of the section. The first sentence provided that U.S. surplus food commodities or products thereof made available for transfer under the Mutual Security Act or any other act as a grant or as a sale for foreign currencies should also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended, or to needy persons within the United States pursuant to clause (2) of section 32 of the act of August 24, 1935, as amended. The second sentence amended section 416 of the Agricultural Act of 1949, as amended, so as to permit use of commodities in private stocks for domestic and foreign distribution programs.

The House conferees accepted the provisions of the Senate bill with an amendment changing the word "shall" in the first of the new sentences to "may". They were impressed with the argument that it was desirable that surplus food commodities or the products thereof made available either for grant or for sale for foreign currencies abroad under section 402 of the Mutual Security Act or any other act be provided to the maximum extent practicable to eligible domestic recipients under already authorized relief feeding programs in order to eliminate any possibility that needy people in the United States should be at any disadvantage compared to people of foreign nations with respect to the distribution of such commodities. The provision does not authorize any additional funds for domestic relief purposes. It relates only to the designation of commodities which would be available under already existing authority and available funds for such domestic relief programs.

The committee of conference recognized that too rigid a requirement might impede the effective disposal of surplus food commodities abroad as well as unnecessarily interfere with the existing procedures for domestic distribution. The language of the provision as agreed to allows sufficient flexibility in the administration of the program and at the same time indicates the intent of Congress that our own people should not be at any disadvantage in sharing surplus food commodities.

PALESTINE REFUGEES (SEC. 205(g))

The House bill amended section 407 to authorize an appropriation of \$25 million for a contribution to the United Nations Relief and Works Agency (UNRWA) for Palestine refugees and deleted the proviso that requires 15 percent of the appropriations to be available only for resettlement and repatriation as distinct from relief and rehabilitation. The Senate amendment contained an identical authorization but retained the proviso.

The committee of conference retained the proviso but reduced the amount set aside for resettlement and repatriation to 10 percent. In reaching agreement the committee gave consideration to several factors. There is a continuing need for relief and rehabilitation. The number of refugees has actually increased during the past years. Nothing, however, has been accomplished effecting a repatriation or resettlement of the refugees. The whole program comes up for re-study this year by the United Nations General Assembly and will expire unless reauthorized. If the proviso were removed, it might seem to indicate an abandonment by the United States of its sustained interest in effecting a solution and, at the same time, would leave the impression that the United States was satisfied with nothing more than an indefinite relief program.

PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUNDS (SEC. 205(l))

The managers on the part of the House accepted, with an amendment, the Senate language that adds a new section 412. This section, as amended, provides that in each of the fiscal years 1960 through 1964, of the funds made available under this act \$10 million shall be available for educational and training programs for people of underdeveloped countries.

Half of the funds are to be used for financing—

studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands.

This program may be used to supplement activities under both the Fulbright Act and the United States Information and Educational Exchange Act.

The other half of the \$10 million is to be used for training the people of underdeveloped countries in skills which will contribute to economic development.

It is the intention of the committee of conference that the training authorized by this section not be limited to manual or technical skills but that it include the whole range of administrative and other skills necessary to operate a modern government with a developing economy.

INVESTMENT GUARANTEE PROGRAM (SEC. 205(m) (1), (2), AND (3))

Both the House bill and the Senate amendment authorized an increase in the guarantee issuing authority (sec. 413(b)(4)(F)) from \$500 million to \$1 billion. The Senate amendment also included a provision restricting the purpose of the program to the development of the economic resources and productive capacities of economically underdeveloped areas.

The managers on the part of the House receded and accepted the Senate language with an amendment. The committee of conference was agreed that the purpose of the investment guarantee program was to stimulate the movement of American capital and know-how into areas that were economically underdeveloped. The committee recognized, however, that a number of applications had been filed by investors for guarantees of investment in connection with projects in Western European countries. In some instances these applications have reached an advanced stage of preparation and negotiation. To preclude these investors from eligibility for guarantee protection after many of them have spent considerable sums initiating projects would work an undue hardship. To meet this problem the committee set a cut-off date in the case of guarantees for projects in developed countries issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959.

STUDIES OF THE ROLE OF PRIVATE ENTERPRISE (SEC. 205(m)(4))

The House bill amended section 413(c) of the act to require annual studies of the role of private enterprise in carrying out the purposes of the Mutual Security Act and of the impact of the mutual security program on the U.S. economy. The amendment also required special reference to be made in such reports to the net position of the United States in its balance of trade with the rest of the world.

The Senate amendment was substantially the same as the House language, except that it required only such studies as are appropriate to keep existing data up to date rather than annual studies.

Section 413(c) of the Mutual Security Act adopted last year required a study along the above lines. This study has been made. The amendments adopted by both the House and the Senate were intended to insure that these studies would be continued. Under the House version the studies would be annual; under the Senate version such studies would be made as would be necessary to keep the existing reports up to date.

The committee of conference adopted the House version, except that it provides that annual studies will be made to keep the data up to date. Under this provision it will not be necessary to make a completely new study each year but only to bring these studies up to date. When it appears that existing material is outdated, a new study would obviously be made.

STUDY OF MULTILATERAL PROGRAMS OF ASSISTANCE (SEC. 205(m)(5))

The Senate bill added a new section 413(d) to the act which requires the executive branch to conduct a study of methods by which the United States and other nations might best together formulate and

effectuate programs of assistance to strengthen the economies of the free nations. No similar provision was contained in the House bill.

The committee of conference accepted the Senate amendment. The amendment is intended to insure that all of the facilities of the free world are brought to bear on the task of developing the underdeveloped areas and in providing for the security of the free world. The study will be concentrated on what can be done to encourage further economic cooperation among the free nations of the world.

CONTINGENCY FUND (SEC. 301)

The House bill, by amendment to section 451(b), carried an authorization of \$100 million of appropriations to the President's contingency fund. The Senate amendment carried an authorization of \$180 million. The committee of conference agreed to an authorization of \$155 million. This is the amount appropriated for fiscal year 1959.

The adjustment agreed to by the managers on the part of the House was reached after the managers on the part of the Senate receded from separate authorizations for machine tools for small business, international cooperation in health, and the World Refugee Year.

TRANSFERABILITY OF FUNDS

The Senate amendment added a new section 501(b) which authorized the transfer of up to 30 percent of military assistance funds to technical cooperation, special assistance, and nonmilitary programs other than defense support and the Development Loan Fund. The Senate receded from its insistence on its language. The committee of conference, in agreeing to delete the proposed language, recognized that the trade and assistance programs of international communism presented a rapidly increasing danger to the independence of friendly countries. Thus far it has been possible to meet this threat within the general transfer authority contained in existing law. Should world conditions alter in a way to make this authority inadequate to meet the danger, the committee of conference agreed the matter of wider transfer authority should be reexamined.

SUSPENSION OF ASSISTANCE TO CERTAIN COUNTRIES (SEC. 401(a))

The House bill added a new section 503(b) which provided that if a nation expropriates or confiscates property of U.S. citizens and fails within 6 months of such action to take steps determined by the President to be appropriate to discharge its obligations under international law, the President shall withhold assistance from such nation. The Senate amendment contained a new section 552 providing that whenever the President determines that any recipient country is engaged in the taking of property owned by the United States or its nationals he shall suspend assistance until the country is no longer so engaged and adequate compensation has been made.

The committee of conference agreed upon substitute language, added as a new section 503(b). The President is given authority to determine (1) whether nationalization or expropriation of property of U.S. citizens has occurred and (2) the adequacy of steps taken by the offending government to discharge its obligations under international

law. Should the President not be satisfied with measures taken by the offending government to take corrective action, he shall suspend assistance given under any program in the Mutual Security Act unless he determines such suspension of assistance to be inconsistent with our national interest. This section is applicable only to acts of nationalization or expropriation that take place after the enactment of the Mutual Security Act of 1959.

REDUCTION OF DEFENSE SUPPORT AND SPECIAL ASSISTANCE (SEC. 401(a))

The House bill added a new section 503(c) which specifies that the President shall include in his recommendations to the Congress for the fiscal year 1961 mutual security program a detailed plan for each country receiving bilateral grant assistance under defense support and special assistance whereby such assistance shall be progressively reduced. The Senate amendment contained identical language except that it provided not only for the progressive reduction but for the elimination of such grant assistance.

The Senate receded and accepted the House language with two amendments. The word "terminated" was substituted for "eliminated". The words "wherever practicable" were included. The latter amendment gives recognition to the fact that reduction of the grant aid will be made consistent with the foreign policy objectives of the United States. It is the expectation of the committee of conference that the President and the administrators of the program will give constant surveillance to the economic development of aid recipients and will report to the Congress those countries that have achieved a degree of economic viability that will permit the termination of further assistance.

As understood by the committee, each country plan should include the basic objectives being sought through the furnishing of economic assistance to that country, the progress to date toward achieving those objectives, and, so far as practicable, plans and forecasts as to future assistance and other measures required in furtherance of these objectives and as to future reduction and eventual termination of economic assistance as those objectives are approached and ultimately achieved.

As indicated above, the controlling consideration in the preparation of these plans is to be the foreign policy and other national aims of the United States. The committee feels that such plans are essential to assure that programs do not simply perpetuate themselves by limited planning from year to year, but that they have definite goals toward which they are directed and toward which progress can be measured.

FURNISHING OF INDUSTRIAL EQUIPMENT (SEC. 401(b))

The Senate amendment added a new section 504(d) to the Mutual Security Act, authorizing an appropriation of not to exceed \$2.5 million to make available to foreign small-business concerns in underdeveloped countries machine tools and industrial equipment owned by agencies of the U.S. Government.

The House bill contained no provision on this subject.

The managers on the part of the House receded and agreed to a provision that authorizes the President to use an identical sum from the funds appropriated pursuant to section 451(b). This authorization is not intended to limit or alter existing authority to use excess property of government agencies under the Mutual Security Act.

DISPOSAL OF LOAN REPAYMENTS (SEC. 401(c))

The House bill amended section 505(b) to provide for the disposition of loan repayments under the Mutual Security Act in three ways. First, dollar repayments should be deposited into the Treasury. Second, foreign currency repayments would be sold to U.S. Government agencies for payment of their obligations abroad and the dollar reimbursements should be deposited into the Treasury. Third, foreign currency repayments not needed by U.S. Government agencies for payment of their obligations abroad should be credited to and be available for the purposes of the Development Loan Fund in amounts specified in appropriation acts. Foreign currencies made available to the Development Loan Fund under this section were to be in addition to the dollar funds authorized to be appropriated under section 203.

The Senate amendment amended section 505(b) to read the same as the House bill, except that (1) it provided that foreign currency repayments in excess of those necessary for the Fulbright educational exchange program might be sold to U.S. Government agencies for payment of their obligations abroad and (2) it did not require that amounts to be credited to the Development Loan Fund should be in amounts specified in appropriation acts.

The committee of conference arrived at a compromise by which the House accepted the Senate language relating to the availability of foreign currencies for the Fulbright educational exchange program and the Senate accepted the House language requiring that foreign currency repayments be credited to the Development Loan Fund in amounts specified in appropriation acts.

APPLICATION OF SECTION 517 TO DEVELOPMENT LOAN FUND (SEC. 401(e))

The House bill contained a provision extending the coverage of section 517 (Completion of Plans and Cost Estimates) of the act to the Development Loan Fund. The House provision also authorized the President to waive the requirements of section 517 insofar as it might be applicable to any particular transaction under the Development Loan Fund provision. The Senate bill contained no similar provision. The committee of conference accepted the House amendment but deleted the provision authorizing the President to waive the applicability of section 517 to the Development Loan Fund. There is already adequate authority under existing legislation to enable the President to accomplish such a waiver. The requirement that section 517 also be applicable to the Development Loan Fund will help insure that the activities of the Development Loan Fund are conducted on a sound, businesslike basis.

COMPETITIVE BIDDING FOR CONSTRUCTION CONTRACTS (SEC. 401(e))

The House bill contained a provision requiring, with respect to programs covered by section 517, that to the maximum extent feasible all contracts for construction outside the United States should be made through competitive bidding.

The Senate bill did not contain a similar amendment.

The committee of conference adopted the House version with an amendment. Under the amendment it is provided that to the maximum extent practicable all contracts for construction outside the United States should be made on a competitive basis. Contracts financed with loans from the Development Loan Fund are exempted from the requirements of this provision since they will be in most instances handled by firms in foreign countries or agencies of foreign governments.

RESPONSIBILITIES OF CHIEF OF DIPLOMATIC MISSION (SEC. 401(f)(1))

The House bill amended section 523(b) to require the Chief of the Diplomatic Mission in each country to insure that recommendations concerning military assistance are coordinated with political and economic considerations and to accompany such recommendations with his own comments. The Senate amendment included identical language but added the final clause "if he so desires". The managers on the part of the House accepted the Senate language.

SUPERVISION AND DIRECTION OF THE MUTUAL SECURITY PROGRAM (SEC. 401(f)(2))

The Senate bill contained a provision amending section 523(c) so as to make the Secretary of State responsible for the continuous supervision and general direction of the mutual security program. This responsibility is to include the determination of whether there shall be a military assistance program for a country and the value of the program so that the programs are effectively integrated both at home and abroad. The House bill did not contain a similar provision.

The managers on the part of the House accepted the Senate amendment since the provision is intended to clarify the relationships among the various agencies administering the mutual security program.

SUPERGRADE POSITIONS (SEC. 401(g))

The House bill authorized an increase from 20 to 25 in the number of positions that may be compensated at a rate higher than that paid for grade 15. The Senate amendment authorized an increase from 20 to 35. The committee of conference agreed on an increase from 20 to 30—a total of 10. The allocation of these positions will be determined by the Under Secretary of State in his capacity as coordinator of the program. The increased authority to obtain high-level personnel should result in improved coordination, direction, and administration of the program.

APPOINTMENT OF OVERSEAS PERSONNEL

The committee of conference agreed to the deletion of the House language (sec. 401(g)(2)) added to section 527(c) that required, to the maximum feasible, the appointment of ICA overseas personnel in accordance with the civil-service laws. ICA is already making maximum use of civil-service facilities as a source of candidates for overseas posts. In accordance with existing law, ICA uses the provisions of the Foreign Service Act in appointing its overseas personnel. The imposition of civil-service requirements would create a dual personnel system with attendant administrative difficulties. In agreeing to the deletion of the House language the committee of conference is desirous that the Director of ICA continue to work in close cooperation with the Civil Service Commission in order that the facilities of the Commission may be fully utilized in recruiting capable individuals for overseas assignment.

OFFICE OF INSPECTOR GENERAL AND COMPTROLLER (SEC. 401(h))

The House bill added a new section 533A which established within the Department of State an Office of Inspector General and Comptroller reporting directly to an Under Secretary of State. It transferred to the Inspector General and Comptroller certain function now being carried out within the International Cooperation Administration and set forth the duties to be performed.

The Senate amendment contained no provision dealing with this matter.

The committee of conference accepted the House provision with a number of amendments intended primarily to make more specific and clarify the language of the House bill. These include a provision that the Inspector General and Comptroller should be appointed by the Secretary of State rather than the Under Secretary of State, and setting his salary at a specific figure of \$19,000 per annum. In addition, the House provision was modified to specify more precisely the relationship between the Office of Inspector General and Comptroller and the General Accounting Office.

The committee of conference gave particular consideration to the relationship to be established between the Inspector General and Comptroller and the Department of Defense with regard to the military assistance program. Section 524 of the Mutual Security Act specifically assigns a wide range of responsibilities for operating the military assistance program to the Secretary of Defense. In the Department of Defense and in each of the military services there is a well staffed comptroller organization headed by an Assistant Secretary.

Under the circumstances, it is desirable that the Inspector General and Comptroller should not set up an organization to duplicate the work being done within the Military Establishments or intervene in the carrying out by the Secretary of Defense of responsibilities assigned to him by law.

At the same time, impressive evidence has been presented of shortcomings in the administration and control of the military assistance program in a number of countries. These shortcomings have been attributable, at least in part, to the fact that existing Defense Department control procedures are adapted primarily to the requirements of

U.S. military programs rather than to the special situations which exist in carrying out military assistance operations.

The committee of conference is convinced that it is essential that there be an independent review and approval of military assistance administration and control by an official outside the Defense Department hierarchy but at the same time having responsibility to see that the mutual security program works effectively. The language of the House bill was revised to make clear that while the Inspector General and Comptroller would have authority to establish financial controls and auditing procedures as well as to initiate and carry out other operations relating to the mutual security programs for which the Secretary of State is responsible, his authority with respect to military assistance operations for which the Secretary of Defense is responsible will be that of investigating, reviewing, approving, recommending, and consulting.

The Secretary of State under section 523 of the Mutual Security Act is given overall responsibility for seeing that the military assistance program is effectively carried out and integrated with the other programs. Whenever the Inspector General and Comptroller finds evidence that military assistance is not effective in its results or is not properly administered, his ultimate recourse will be to the Secretary of State through the Under Secretary of State to whom he is directly responsible. If a proper cooperative relationship between the Defense Department and the Inspector General and Comptroller is established, based on recognition and respect for their respective authority and responsibilities, it is expected that remedial action will be taken as a result of informal consultation at lower echelons.

The most serious questions in the minds of the Congress and the public today concerning the mutual security program no longer relate to whether or not the program should exist, but to whether it is being or can be effectively administered. The Inspector General and Comptroller can and should do much to provide reassurance on this subject. He can do his job only if he is fully informed of the facts and if the various operating officials do what they can to facilitate his work.

MISSION DIRECTOR CARS (SEC. 401(j)(1))

The House bill contained no provision on this subject. The Senate amendment amended section 537(a)(5) to increase from \$3,300 to \$3,800 the ceiling price applicable to the purchase of official vehicles for use by directors of U.S. operations missions abroad. The committee of conference agreed to \$3,500 as a ceiling price. This increase is not intended to provide cars better than those now provided. It merely reflects the increased price of vehicles over the past several years.

REPORT ON DEFENSE SUPPORT AND SPECIAL ASSISTANCE
(SEC. 401(j)(3))

The House bill contained a provision amending section 537(f) of the act to require the submission during the annual presentation to the Congress of a detailed report on defense support and special assistance to be furnished to each country. The provision required that the report contain (1) an explanation of the proposed level of aid for each country including a listing of all significant factors con-

sidered in determining such level, and (2) with respect to defense support, an explanation of the force objectives toward the support of which defense support was proposed to be furnished in each country, including the method by which such force objectives were arrived at.

The Senate bill contained a substantially similar provision except that with respect to defense support countries the report was to contain an explanation of the determination of the particular level of forces to be supported by the proposed request for military assistance in each country, including the factors considered in arriving at each country determination.

The committee of conference accepted the Senate amendment except that amendments were added requiring that the reports should also show the methods used as well as the factors considered in determining the level of aid for each country and in determining the request for authorization and appropriation for military assistance in defense support countries.

The provision adopted by the committee of conference is intended to insure that the appropriate committees of the Congress receive full, detailed, and adequate material in support of the executive branch request for authorization and appropriation. This provision should facilitate the examination of the executive branch request and should insure a broader understanding of the purposes of the mutual security program.

INFORMATION POLICY (SEC. 401(m))

The Senate amendment added a new section 550 which requires the President to make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States. The managers on the part of the House receded and accepted the Senate language. The committee of conference noted that the only specific limitation to disclosure was that which affects security. The committee also acted on the understanding that this provision was not intended to override or repeal, with respect to the mutual security program, statutes enacted by Congress which expressly prohibit or regulate the disclosure by the executive branch of specific types of information, for example, trade secrets obtained in confidence from business firms.

LIMITATION ON USE OF THE PRESIDENT'S SPECIAL AUTHORITIES (SEC. 401(m))

The Senate amendment added a new section 551 which prohibits the President from using his special authorities under sections 403, 451, and 501 to augment appropriations for administrative expenses made under sections 408, 411(b), and 411(c). The House bill contained no comparable provision. The managers on the part of the House accepted the Senate amendment.

Administrative funds for carrying out the mutual security program are specifically authorized and appropriated after a complete justification. There have been several instances where these funds have been augmented by a transfer of money from program activities. The language adopted by the committee of conference is intended to terminate this practice.

INTERNATIONAL COOPERATION IN HEALTH (SEC. 501)

The House bill contained an affirmation of U.S. policy to accelerate its efforts to encourage and support international programs for the conquest of diseases and other health deficiencies. The Senate amendment affirmed the same policy and, in addition, authorized the use of mutual security funds, other than those for military assistance and the Development Loan Fund, to undertake projects to determine the feasibility of programs for eradication of diseases of international importance and authorized an appropriation of an additional \$2 million for this purpose.

The committee of conference deleted the language permitting the financing of this program from other mutual security funds and the separate authorization of \$2 million. In lieu thereof the committee adopted language that authorized the use of \$2 million from funds appropriated pursuant to section 451(b). This language is not intended to limit or alter existing authority in the act for assistance in the fields of health.

CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST (SECS. 601-603)

Chapter VI (secs. 601-603) of the Senate bill provided that, in order to promote better understanding between the peoples of the Far East and the United States, the Secretary of State should present a plan to Congress for the establishment in Hawaii of a Center, to be called the West Center for Cultural and Technical Interchange Between East and West where students, scholars, and technicians from the East and West could meet and cooperate. The Senate amendment called for the submission to Congress on or before January 3, 1960, of a plan and program which shall provide for—

1. the establishment and operation in Hawaii of the Center through arrangements to be made with public educational or other nonprofit institutions;
2. grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and West;
3. grants, scholarships, and other payments to qualified candidates for study at the Center from both East and West; and
4. making the facilities of the Center available for study to other qualified persons on a reasonable basis.

Provision is also made for such appropriations as may be necessary to carry out the provisions of the chapter.

The managers on the part of the House accepted the Senate amendment with the deletion of the words "which shall provide". The language agreed upon is intended to give greater scope to those preparing the plan and program. It is understood that in submitting the plan the Secretary of State may also inform the Congress as to the feasibility and desirability of the entire program envisioned by the Senate amendment.

Hawaii is the crossroads of the East and the West. Here the cultures of Asia and of Europe and of the Americas have met and have learned to live together. Consequently, it is most appropriate that a center such as this should be established in Hawaii where cooperation has been the rule for many years.

Such a center can do much to break down barriers between the East and the West and encourage cooperation. Thereby, international tensions will be reduced, and the chances for world peace will be enhanced. The bringing together of scholars and technicians from the East and West will increase human understanding, will facilitate the development of technical knowledge in the East, and will reduce friction between the areas.

AMENDMENT TO FOREIGN SERVICE ACT (SEC. 701(b))

The managers on the part of the House accepted the language in the Senate amendment. That language amends section 522 of the Foreign Service Act to permit the appointment or assignment of any Foreign Service Reserve officer to be extended for not more than an additional 5 years without regard to the 5-year limitation in section 527. This language will make it possible to keep in service Reserve officers who are occupying essential positions and who, by reason of training and experience, would be difficult to replace in key overseas assignments.

INFORMATIONAL MEDIA GUARANTEES (SEC. 701(c))

The Senate amendment, in section 703, made a technical amendment to the United States Information and Educational Exchange Act of 1948. That act today provides, by cross reference to section 413(b) of the Mutual Security Act of 1954, that informational media guarantees shall be made for the purposes specified in such section 413(b). In view of the amendments made to section 413(b) by the conference, limiting the mutual security investment guarantee program to underdeveloped countries, it is necessary to make corrective changes in the United States Information and Educational Exchange Act of 1948 to permit the informational media guarantee programs under that act to continue under the same authority as they have in the past. The House managers, therefore, accepted the Senate version.

USE OF FOREIGN CURRENCIES FOR SCIENCE AND RESEARCH (SEC. 701(d))

The House bill (sec. 401(a)(1)) added a new section 502(c) designed to permit the use of foreign currencies available to the United States under the Mutual Security Act or any other act for science and research in amounts specified in appropriation acts. The Senate amendment contained language amending section 104(k) of Public Law 480 to change the technical form of appropriations control over the use of Public Law 480 foreign currencies. The committee of conference accepted the Senate language with an amendment to incorporate one of the purposes of the House language; namely, by including research activities, to broaden the purposes for which foreign currencies under this section may be used. The committee of conference is agreed that foreign currencies available to the United States under any act should be utilized more fully to make available to U.S. scientists and researchers the findings of their foreign counterparts.

EXPENSES OF ANNUAL MEETING OF NATO PARLIAMENTARY
CONFERENCE (SEC. 702)

The committee of conference agreed to the language in the Senate amendment authorizing an appropriation of \$100,000 to meet the expenses of the United States in connection with the meeting in Washington next November of the NATO Parliamentary Conference.

House Concurrent Resolution 34 of the 86th Congress extended an invitation to the Conference. The amount of \$100,000 will permit the United States, as hosts to the Parliamentarians, to cover the expenses for simultaneous translation, reproduction of documents and working papers, reporting services, office equipment and other necessary facilities to make the meeting a success.

WORLD REFUGEE YEAR (SEC. 703)

The Senate amendment authorized an appropriation of \$10 million for U.S. participation in the World Refugee Year to be used for assistance to refugee groups throughout the world. The House bill contained no provision on this subject. The managers on the part of the House accepted the Senate language with an amendment that deletes the separate authorization of an appropriation. Instead the use of \$10 million from funds appropriated pursuant to section 451(b) is authorized for this purpose.

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
ROBERT B. CHIPERFIELD,
WALTER H. JUDD,
Managers on the Part of the House.

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